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C O N F I D E N T I A L WELLINGTON 000973

SIPDIS

STATE FOR EAP A/S KELLY; DAS SCHRIVER; AND EAP/ANP
NSC FOR MIKE GREEN AND CHUCK JONES
SECDEF FOR OSD/ISA LIZ PHU

E.O. 12958; DECL: 11/19/2014

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SUBJECT: NEW ZEALAND: AMBASSADOR SWINDELLS TELLS IT LIKE IT
IS TO PM CLARK

Classified By: AMBASSADOR CHARLES J. SWINDELLS,
FOR REASONS 1.4 (B) AND (D).

1. (U) On November 17, Prime Minister Helen Clark delivered an address at the American Chamber of Commerce Business Awards. She described the importance to New Zealand of its economic relationship with the United States: The U.S. is New Zealand's second-largest trading partner, with two-way trade close to NZD 8 billion (USD 6 billion) annually. Exports to the United States are about 15 percent by value of New Zealand's global exports, and American companies account for over NZD 12 billion (USD 9 billion) in investment and "many thousands" of jobs. The Prime Minister also highlighted New Zealand's continued interest in a Free Trade Agreement (FTA) with the United States. She said that her country would continue "to deploy diplomatic and other resources to build on our already considerable support in the United States" for an FTA, and claimed she would also make the same point to President Bush when she had the opportunity to talk to him at the upcoming APEC summit in Chile.

2. (C) After the speech, Ambassador Swindells, who was sitting next to PM Clark, said that he understood from his most recent phone conversation with Ambassador Wood in Washington that New Zealand was planning a full lobbying effort with the new Congress in hopes of getting legislators' support for a U.S.-New Zealand FTA. She said yes -- New Zealand needs to have ties with the world's biggest economy. After noting that Congress (as does the Administration) remains appreciative of New Zealand's contributions to Afghanistan and Iraq, the Ambassador asked whether she was concerned that members of the Senate Armed Services Committee and others on the Hill might speak up against an FTA because of their strong feelings about New Zealand's anti-nuclear legislation. At this, the Prime Minister fell silent.

3. (C) The Ambassador continued by noting that Congress would want to know if New Zealand would show any flexibility on the nuclear issue. PM Clark responded that she welcomed the idea of a Coast Guard ship visit. The Ambassador said that he had already suggested this, but that the Navy had said that a visit would send the wrong signal and he had to agree. He said that if he raised the idea again, the Navy (and others in Washington) would ask him what the United States could expect from New Zealand in return. Ambassador Swindells said that he thought Washington would want to know there would be movement on the NZ side, and welcomed PM Clark's thoughts on this.

4. (C) Earlier in the dinner, Ambassador Swindells asked whether PM Clark intended to invite the President to New Zealand. She said yes, in conjunction with the 50th anniversaries of the U.S. and New Zealand bases in Antarctica. She said that she believed the majority of New Zealanders would welcome such a visit.

5. (C) Comment: The Prime Minister has now heard directly the message that the Ambassador and the rest of the Embassy will convey in the months ahead: if New Zealand wants to further the bilateral relationship, it must reexamine the limits its nuclear policy has put on our ties.

Swindells